

ADDENDUM #1

State of Utah: Department of Human Services
Office of Fiscal Operations
Bureau of Contract Management

ADDENDUM TO DHS/DSPD SOIQ #DHS40332

1. Please state the circumstances under which persons can elect to, and effect a change in their Financial Management Services (FMS) provider?

The Department does not restrict in any fashion persons' rights to choose accredited and willing providers of any of the services offered within its DHS/DSPD Self-Administered Services (SAS) method. As such, the Department will honor requests from SAS enrollees to change their FMS provider at any time. The Department will suggest that persons wishing to change FMS providers express their intent to both their Support Coordinator as well as their current FMS provider for the purposes of allowing, within a reasonable period of time a resolution of any causes for the person's decision to change providers. However, the person is ultimately free to change providers at any time, with or without cause, and need only file a written declaration of this intent with their Support Coordinator in order to effect such a change.

2. What are the ranges of the number of employees and the number of transactions encountered in the multivariate analysis used to establish the rate for the Financial Management Service?

The range for number of employees was 1-15, with a mean of 3.10 and a standard deviation of 2.21.

The range for number of transactions was 1-194, with a mean of 30.58, and a standard deviation of 24.27.

3. Describe the schedule and procedure for processing payrolls, including the length of time required by the Department to make payment for payroll to the Financial Management Services (FMS) provider.

The Department intends to employ the following procedure for approving payroll requests and for processing reimbursement of payroll expenses to FMS providers:

- a. There will be two pay periods. The first pay period will run from the first to the fifteenth of each month. The second pay period will run from the sixteenth to the last day of each month;
- b. The payroll for the first pay period (ending on the fifteenth of the month) will be issued on the first of the following month. The payroll for the second pay period (ending on the last day of the month) will be issued on the fifteenth of the following month. However, if a payday falls on a Saturday, Sunday, or legal holiday, the FMS provider shall pay wages

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- earned during the pay period on the day preceding the Saturday, Sunday, or legal holiday;
- c. Persons utilizing FMS services or their families will send their employee time sheets to the FMS provider within two days of the end of each pay period;
 - d. After review, the FMS provider will send an electronic copy of the time sheets to a DHS/DSPD designee in a manner that ensures receipt by the DHS/DSPD designee no later than eight days after the end of the pay period;
 - e. For time sheets received by the eighth day following the end of the pay period, the DHS/DSPD designee will review and approve the time sheets for their clients no later than the thirteenth day following the end of the pay period; and will convey this approval or denial in the form of an electronic entry into an “approval” field in the web-based database maintained by the Division and which the FMS provider will have access to and will query, no later than the fifteenth day following the close of the pay period. The FMS provider will issue the payroll for all approved time sheets on the first and fifteenth of each month. However, if a payday falls on a Saturday, Sunday, or legal holiday, the FMS provider shall pay wages earned during the pay period on the day preceding the Saturday, Sunday, or legal holiday, and in this case, the DHS/DSPD designee will advance their rendering of approval of time sheets by the same interval; and,
 - f. A Department of Human Services (DHS) Billing Form 520 will be generated by the FMS provider for all DHS/DSPD obligations resulting from the FMS’s issuance of each payroll. This DHS Form 520 will be sent to the DHS/DSPD state office for payment. While DHS/DSPD cannot guarantee payment within two weeks of receipt of the billing forms, that will be the expectation.

Though the Department will endeavor to adhere to the above procedure, it makes no guarantee of any sort regarding its absolute adherence to this schedule, especially in the face of unforeseen circumstance.

4. Is the Department willing to “share the risk” for late payment of payroll obligations to FMS providers?

The Department believes that it has adopted a schedule and procedure, detailed in its response to Question #3 above, that will allow for and ensure timely payment of payroll obligations by contracted Financial Management Service (FMS) providers, as well as timely reimbursement of payroll expenditures by the Department to its contracted FMS providers. The Department, therefore, believes that it is unnecessary to enter into any further risk-sharing arrangements beyond the schedule and procedure referenced above.

5. Please furnish a copy of the analyses the Department utilized to set the rate for the Financial Management Service.

State of Utah: Department of Human Services
Division of Services for People with Disabilities

M E M O R A N D U M

To: Joe Reese, Actuary, OFO-BCM

From: Chuck Bruder, Ph. D., MR.RC Waiver Program Manager, DSPD/Admin

Date: December 13, 2005

Re: Rates for FMS service

In response to your request, here is a description of the methodology that we employed in determining the two-tiered rate structure for the Division's new Financial Management Service (FMS) as proposed to and accepted by CMS in the Division's latest renewal of its 1915 (c) Mental Retardation and Related Conditions (MR.RC) HCBS Waiver.

In determining the rate, we first examined historical data for each waiver enrollee receiving fiscal intermediary services under the Division's preceding DD/MR waiver, regarding the number of employees each enrollee had to arrange payment for under the Self-Administered Services method, as well as the number of transactions the fiscal intermediary had to perform for each enrollee. We accumulated and examined data for SFY '05 for each DD/MR HCBS waiver enrollee utilizing fiscal intermediary services.

This data was entered into a multivariate cluster analysis utilizing the K-Means Cluster analysis procedure performed within the Statistical Package for the Social Sciences (SPSS) version 14.0 scientific analytical software package.

This analysis identified two clusters from the original set of waiver enrollees; one characterized by a small number of employees and transactions, and the second characterized by a larger number of employees and transactions. Each member of the set of current waiver enrollees was classified as part of the analysis into the cluster that best met their circumstance. As a result of this analysis, it was determined that there were 703 of the 832 waiver enrollees who were best classified into the low usage cluster, and 129 who were best classified into the high usage cluster.

Next, the total number of transactions for the entire set of waiver enrollees during SFY '05 was determined. Then, the average number of transactions for members in each cluster was multiplied by the number of members in the cluster, and that product was divided by the total number of transactions to yield a proportion of the total transactions attributable to each cluster.

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The fractional proportion of total transactions attributable to each cluster (as a measure of the amount of workload that each cluster was responsible for) was then multiplied by the Division's total expenditure for fiscal intermediary services for SFY '05 (incremented by a factor of 8 percent, rather than the pre-existing 6.5%, in order to cover a floating of funds to cover payrolls not yet reimbursed) and this yielded that proportion of the Division's total expenditures for fiscal intermediary services that was attributable to each cluster. This product was divided by the number of members in the respective cluster, and this quotient was then divided by 12 to yield a **Per Member/Per Month (PMPM) rate**. The calculated rate based on this multivariate analysis of the Division's experience in providing fiscal intermediary services under its preceding DD/MR waiver during SFY '05 was determined to be:

Low usage cluster= \$28.12 per member per month

High usage cluster=\$91.96 per member per month.

I hope that this information has proven useful to you, and if there is anything further that I can do to assist you, please don't hesitate to contact me.

Cc: George Kelner, Ph. D.
Paul Day, MPA
Clay Hiatt, MPA

Att: SPSS output

Quick Cluster

Notes

Output Created	08-AUG-2005 16:00:14	
Comments		
Input	Data	C:\Program Files\SPSS\DD.MR8percent clusters.sav
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	832
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on cases with no missing values for any clustering variable used.
Syntax	QUICK CLUSTER TRANSACTIONS EMPLOYESPaid /MISSING=LISTWISE /CRITERIA=CLUSTER(2) MXITER(10) CONVERGE(0) /METHOD=KMEANS(NOUPDATE) /PRINT INITIAL CLUSTER DISTAN.	
Resources	Elapsed Time	0:00:00.13
	Workspace Required	376 bytes

Initial Cluster Centers

	Cluster	
	1	2
TRANSACTIONS	1.00	194.00
EMPLOYESPaid	1.00	10.00

Iteration History(a)

Iteration	Change in Cluster Centers	
	1	2
1	27.454	63.665
2	1.381	20.515
3	.726	8.910
4	1.159	10.892
5	.712	5.232
6	.557	3.864
7	.492	3.018

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8	.437	2.414
9	.192	1.024
10	.113	.595

a Iterations stopped because the maximum number of iterations was performed. Iterations failed to converge. The maximum absolute coordinate change for any center is .595. The current iteration is 10. The minimum distance between initial centers is 193.210.

Cluster Membership

Case Number	Cluster	Distance
1	1	13.641
2	1	1.763
3	1	15.713
4	1	6.384
5	1	.901
6	1	23.432
7	2	18.046
8	2	17.350
9	1	1.663
10	1	21.689
11	1	2.859
12	1	17.949
13	1	8.782
14	1	25.382
15	1	10.753
16	1	10.753
17	1	6.384
18	1	16.387
19	2	20.295
20	2	13.073
21	1	9.632
22	1	8.650
23	1	10.637
24	1	14.719
25	1	11.454
26	1	9.766
27	1	19.421
28	1	3.101
29	2	13.989
30	2	27.239
31	2	52.135
32	1	3.683
33	1	.749
34	1	24.412
35	1	12.391
36	1	9.397
37	1	7.031

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38	1	8.782
39	1	9.381
40	2	25.017
41	1	10.711
42	1	5.663
43	1	2.461
44	2	8.384
45	1	5.637
46	1	14.719
47	1	21.377
48	1	1.663
49	1	20.419
50	1	18.386
51	1	10.753
52	1	22.298
53	1	16.542
54	1	.749
55	1	1.663
56	1	15.433
57	1	3.983
58	1	24.412
59	1	14.405
60	1	5.862
61	1	7.382
62	1	9.766
63	1	21.377
64	1	8.650
65	1	1.751
66	1	.901
67	2	15.060
68	1	1.418
69	1	3.643
70	1	15.713
71	1	7.192
72	1	2.146
73	1	19.662
74	1	2.461
75	1	15.639
76	1	1.418
77	2	12.031
78	2	8.744
79	1	18.699
80	1	21.689
81	1	6.516
82	1	15.713
83	1	9.397
84	1	12.733

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85	1	17.629
86	1	12.643
87	1	14.565
88	1	4.422
89	1	16.707
90	1	20.636
91	2	8.996
92	1	14.640
93	2	74.155
94	2	2.471
95	1	25.382
96	1	18.499
97	2	19.985
98	2	120.105
99	1	15.735
100	1	3.755
101	1	13.725
102	1	5.386
103	1	9.518
104	1	15.639
105	1	1.663
106	1	5.663
107	1	5.786
108	1	19.695
109	1	14.630
110	1	8.698
111	1	12.643
112	1	9.648
113	1	10.335
114	1	16.714
115	1	1.763
116	1	10.753
117	1	2.146
118	2	8.384
119	1	11.631
120	1	14.405
121	1	7.802
122	1	10.753
123	1	9.381
124	1	5.663
125	1	8.535
126	1	11.454
127	1	8.633
128	2	22.984
129	1	16.430
130	2	44.156
131	1	7.802

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132	1	3.372
133	1	1.763
134	1	23.383
135	1	4.639
136	1	7.634
137	1	7.653
138	1	18.699
139	1	10.753
140	1	8.633
141	1	4.639
142	1	.749
143	1	11.742
144	1	12.596
145	1	7.653
146	1	9.648
147	1	4.819
148	1	1.520
149	1	.718
150	2	7.842
151	2	24.984
152	1	13.442
153	1	5.637
154	1	4.966
155	1	25.382
156	1	7.653
157	1	1.763
158	1	21.384
159	2	22.984
160	1	5.510
161	1	18.699
162	1	15.630
163	1	13.725
164	1	10.753
165	1	16.630
166	1	9.648
167	2	9.994
168	1	11.742
169	1	1.751
170	1	16.542
171	1	12.414
172	1	21.417
173	1	13.379
174	1	13.379
175	2	13.073
176	1	5.663
177	1	5.364
178	1	1.489

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179	2	22.156
180	1	16.634
181	1	18.699
182	1	19.377
183	2	25.210
184	2	21.083
185	1	12.631
186	1	9.766
187	2	22.313
188	1	16.942
189	1	10.394
190	2	19.130
191	1	5.189
192	1	9.766
193	1	3.392
194	1	2.316
195	1	9.648
196	2	22.034
197	1	4.911
198	1	5.189
199	1	22.415
200	1	6.384
201	1	4.578
202	2	20.295
203	2	18.986
204	2	48.044
205	1	9.909
206	1	2.732
207	1	8.381
208	1	19.377
209	1	10.753
210	2	17.396
211	1	5.862
212	1	13.725
213	1	5.621
214	2	52.047
215	1	18.637
216	1	10.753
217	1	6.658
218	1	7.740
219	1	2.705
220	1	7.802
221	1	15.630
222	1	11.742
223	1	15.713
224	1	3.392
225	1	19.421

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226	1	10.335
227	1	20.692
228	1	2.146
229	1	25.428
230	1	24.377
231	2	17.584
232	1	14.437
233	2	4.990
234	2	25.027
235	1	13.390
236	1	14.437
237	1	22.384
238	1	6.407
239	1	15.639
240	1	10.646
241	1	4.911
242	1	10.753
243	1	9.766
244	2	21.253
245	1	12.643
246	1	14.630
247	1	5.541
248	1	4.674
249	1	5.413
250	1	23.492
251	1	9.909
252	1	11.454
253	1	25.377
254	1	13.641
255	1	20.636
256	1	7.634
257	1	12.631
258	1	20.834
259	1	20.692
260	1	19.695
261	1	8.782
262	1	8.782
263	1	10.646
264	2	7.047
265	2	102.119
266	1	8.731
267	2	27.561
268	1	8.731
269	1	21.635
270	1	13.390
271	1	7.740
272	1	4.422

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273	1	18.377
274	2	.582
275	1	19.421
276	1	4.422
277	1	10.753
278	2	11.068
279	1	18.180
280	2	13.989
281	1	12.483
282	2	15.982
283	2	8.067
284	1	10.646
285	1	11.742
286	2	6.448
287	1	12.733
288	1	22.624
289	1	17.386
290	1	9.397
291	1	21.635
292	1	2.890
293	1	9.381
294	1	6.407
295	1	7.497
296	1	5.189
297	1	3.436
298	1	7.382
299	1	7.634
300	1	16.378
301	1	16.639
302	1	24.487
303	1	21.689
304	1	.513
305	1	21.689
306	2	6.968
307	1	5.506
308	1	14.389
309	1	7.382
310	1	12.596
311	1	.513
312	1	9.766
313	1	12.733
314	2	8.744
315	1	14.378
316	1	25.483
317	2	6.510
318	1	9.471
319	2	15.044

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320	1	7.403
321	1	3.341
322	1	16.639
323	1	7.403
324	1	14.640
325	1	17.533
326	1	2.316
327	1	6.658
328	1	8.782
329	1	3.755
330	1	5.862
331	1	9.632
332	1	20.377
333	1	17.378
334	1	4.911
335	1	8.731
336	1	23.383
337	1	10.753
338	1	13.725
339	1	6.097
340	1	18.637
341	1	17.694
342	1	17.629
343	1	5.506
344	1	14.719
345	1	3.101
346	1	8.633
347	1	16.378
348	1	12.733
349	1	1.520
350	1	6.635
351	1	25.594
352	1	11.631
353	2	5.575
354	2	17.050
355	1	11.631
356	1	8.782
357	1	2.705
358	2	21.036
359	1	8.399
360	1	5.413
361	2	88.134
362	1	26.157
363	1	2.461
364	1	11.742
365	1	11.454
366	1	4.322

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367	1	.718
368	2	40.048
369	2	9.161
370	1	15.630
371	1	16.707
372	1	16.542
373	1	11.644
374	1	5.413
375	1	3.392
376	1	21.689
377	2	24.115
378	1	2.461
379	1	14.378
380	1	2.890
381	1	8.782
382	1	5.866
383	2	99.024
384	1	3.683
385	1	4.639
386	1	11.742
387	1	14.389
388	1	3.392
389	1	6.584
390	1	13.641
391	1	14.378
392	1	2.146
393	1	2.705
394	1	14.719
395	1	12.733
396	2	17.363
397	1	1.927
398	1	10.753
399	1	19.444
400	1	2.732
401	1	8.782
402	1	9.766
403	1	3.101
404	2	10.123
405	1	2.461
406	1	14.719
407	2	46.050
408	1	9.648
409	2	19.030
410	1	9.397
411	1	10.753
412	1	6.635
413	1	9.766

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414	1	3.683
415	1	7.802
416	1	12.631
417	1	.718
418	1	7.201
419	1	10.711
420	1	2.114
421	1	14.565
422	1	4.388
423	1	11.742
424	1	13.630
425	2	5.533
426	1	10.902
427	1	7.382
428	1	3.643
429	1	5.510
430	1	13.579
431	1	10.753
432	1	10.394
433	1	3.643
434	1	2.705
435	1	3.622
436	1	25.377
437	1	1.691
438	1	10.394
439	1	12.643
440	1	11.644
441	1	13.442
442	1	17.703
443	1	4.937
444	1	3.341
445	1	19.695
446	1	6.635
447	1	19.516
448	1	8.633
449	1	13.641
450	1	3.983
451	1	21.503
452	2	18.185
453	2	19.030
454	2	4.525
455	1	5.663
456	2	6.989
457	2	7.001
458	1	11.742
459	1	3.392
460	1	21.341

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461	1	3.643
462	1	8.782
463	1	12.733
464	1	3.101
465	1	17.638
466	1	9.397
467	2	18.330
468	1	2.146
469	1	6.658
470	1	.513
471	1	18.699
472	1	6.828
473	1	4.422
474	1	8.633
475	1	8.633
476	1	10.646
477	1	24.487
478	1	10.646
479	1	2.461
480	1	1.691
481	2	36.429
482	1	12.733
483	1	18.448
484	1	1.691
485	1	1.691
486	1	13.641
487	1	12.643
488	1	22.384
489	1	22.377
490	1	7.653
491	1	5.637
492	1	7.740
493	1	18.699
494	1	13.630
495	1	16.378
496	1	7.745
497	1	2.461
498	1	17.703
499	1	7.653
500	1	5.862
501	1	10.753
502	1	8.482
503	1	1.691
504	2	19.152
505	1	4.911
506	1	9.648
507	1	6.762

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508	1	4.819
509	1	8.650
510	1	2.114
511	1	21.438
512	2	21.036
513	1	4.819
514	1	15.388
515	1	3.101
516	1	6.658
517	1	9.471
518	1	11.704
519	1	1.691
520	1	19.637
521	1	6.407
522	2	22.984
523	1	8.698
524	1	23.258
525	1	10.753
526	1	2.705
527	1	2.146
528	1	6.407
529	1	2.114
530	1	18.637
531	1	4.645
532	2	22.022
533	1	.901
534	1	13.390
535	1	11.393
536	1	22.377
537	2	18.079
538	1	19.857
539	1	21.377
540	1	11.742
541	2	12.983
542	1	2.146
543	1	7.653
544	1	19.385
545	2	5.575
546	1	7.745
547	1	16.707
548	1	7.634
549	2	21.135
550	1	2.146
551	1	6.635
552	1	11.644
553	1	3.635
554	1	18.637

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555	1	1.418
556	1	10.637
557	1	3.436
558	1	24.487
559	1	17.386
560	1	2.461
561	1	2.723
562	1	10.394
563	1	4.911
564	2	7.988
565	1	15.713
566	1	23.377
567	1	.901
568	1	5.786
569	2	9.199
570	1	3.635
571	2	5.220
572	1	9.518
573	1	24.412
574	1	6.828
575	1	2.400
576	2	20.267
577	2	23.020
578	1	10.380
579	1	17.533
580	2	9.986
581	1	10.753
582	2	21.280
583	2	23.031
584	1	14.630
585	1	1.691
586	2	10.653
587	1	5.663
588	2	11.090
589	1	12.733
590	2	19.312
591	1	21.384
592	1	15.802
593	2	8.744
594	1	1.663
595	2	3.153
596	1	6.828
597	1	13.641
598	2	12.983
599	1	2.146
600	1	20.692
601	1	11.644

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602	2	1.582
603	2	23.984
604	1	9.648
605	1	.901
606	1	8.650
607	1	5.621
608	1	25.382
609	2	18.079
610	1	13.390
611	1	12.733
612	1	24.383
613	1	3.392
614	2	44.052
615	1	5.786
616	1	6.828
617	1	6.635
618	1	18.699
619	1	9.648
620	1	7.653
621	1	14.719
622	1	12.631
623	1	8.381
624	1	1.763
625	1	2.890
626	1	7.382
627	1	2.732
628	1	14.565
629	1	12.698
630	1	1.418
631	1	2.890
632	2	3.940
633	1	12.596
634	2	23.020
635	2	33.061
636	1	13.641
637	1	11.861
638	1	7.653
639	2	7.154
640	1	12.379
641	1	17.386
642	1	16.707
643	1	5.413
644	1	14.688
645	2	9.115
646	1	10.753
647	1	25.382
648	1	8.941

ADDENDUM #1

649	1	6.635
650	2	13.464
651	1	6.384
652	1	12.733
653	1	1.520
654	1	12.733
655	1	5.506
656	1	9.648
657	1	1.763
658	1	9.766
659	2	14.049
660	1	9.254
661	1	14.640
662	1	2.146
663	1	8.650
664	1	5.663
665	1	19.695
666	1	10.646
667	1	12.483
668	1	2.461
669	1	6.828
670	1	19.385
671	1	18.377
672	1	11.644
673	1	2.400
674	1	4.258
675	1	15.713
676	1	1.691
677	2	18.161
678	1	.513
679	1	7.653
680	1	8.100
681	1	1.489
682	2	8.996
683	1	18.699
684	1	12.391
685	1	24.487
686	1	18.180
687	1	2.146
688	2	9.134
689	1	12.596
690	1	6.407
691	1	14.437
692	1	5.637
693	1	4.966
694	1	.513
695	1	2.890

ADDENDUM #1

696	1	9.766
697	1	16.639
698	1	10.753
699	2	21.984
700	2	20.295
701	1	1.520
702	1	17.533
703	1	6.407
704	1	12.448
705	1	15.978
706	1	7.497
707	1	1.520
708	1	2.461
709	1	3.755
710	1	5.862
711	1	3.683
712	1	16.387
713	1	6.828
714	1	9.020
715	1	20.636
716	1	3.101
717	2	22.022
718	1	3.101
719	2	21.981
720	1	3.436
721	2	20.295
722	2	13.231
723	1	13.725
724	1	1.520
725	1	21.417
726	1	1.691
727	1	11.493
728	1	2.400
729	1	17.703
730	1	18.699
731	2	43.052
732	1	13.579
733	1	3.101
734	1	2.705
735	1	3.683
736	1	1.691
737	2	7.047
738	1	10.380
739	1	9.471
740	1	11.742
741	1	8.782
742	1	19.385

ADDENDUM #1

743	1	14.719
744	1	10.753
745	1	1.751
746	1	.749
747	1	.901
748	1	6.828
749	1	22.298
750	1	2.705
751	1	3.643
752	1	17.638
753	2	22.984
754	1	13.641
755	1	1.691
756	1	7.802
757	1	5.413
758	1	17.452
759	1	16.707
760	1	8.650
761	1	20.692
762	1	2.146
763	1	3.436
764	2	12.037
765	1	9.766
766	1	24.377
767	1	2.381
768	1	18.699
769	1	23.613
770	1	6.794
771	2	40.054
772	2	24.019
773	1	14.405
774	1	1.927
775	1	7.653
776	1	2.649
777	1	8.650
778	1	11.380
779	1	.749
780	1	11.454
781	2	5.991
782	1	3.436
783	2	13.073
784	1	5.386
785	1	4.578
786	1	6.828
787	1	13.725
788	1	17.427
789	1	9.909

790	2	22.031
791	1	1.691
792	1	.901
793	1	21.417
794	2	21.280
795	1	6.828
796	2	6.510
797	1	8.650
798	1	2.890
799	2	21.135
800	1	4.388
801	2	15.927
802	1	12.733
803	1	2.890
804	1	14.719
805	1	7.556
806	1	2.316
807	1	15.713
808	1	9.397
809	1	16.714
810	1	11.380
811	1	14.719
812	1	8.633
813	1	14.378
814	1	24.603
815	1	7.382
816	2	24.098
817	1	1.520
818	1	13.379
819	1	24.383
820	1	16.387
821	1	8.650
822	1	16.707
823	1	1.520
824	1	11.742
825	1	3.409
826	1	23.383
827	1	19.277
828	1	5.663
829	1	8.650
830	1	8.482
831	1	21.635
832	1	1.520

Final Cluster Centers

	Cluster
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	1	2
TRANSACTIONS	22.63	73.98
EMPLOYESPaid	2.65	5.58

Distances between Final Cluster Centers

Cluster	1	2
1		51.435
2	51.435	

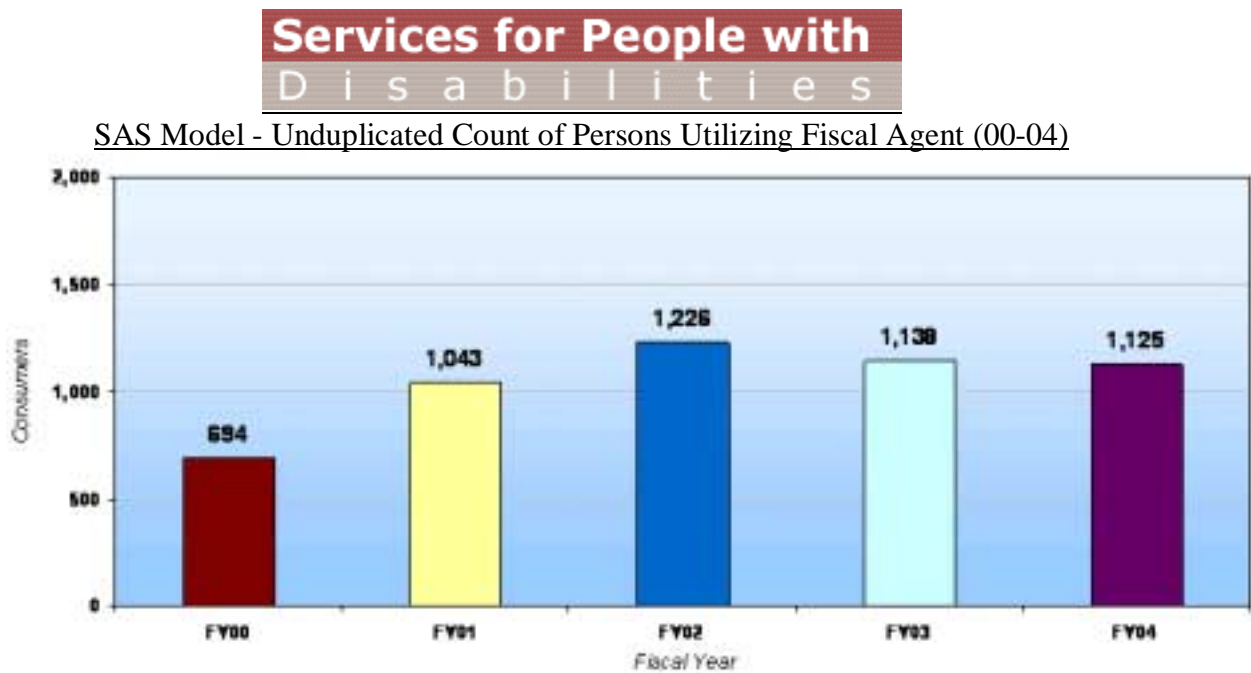
Number of Cases in each Cluster

Cluster	1	703.000
	2	129.000
Valid		832.000
Missing		.000

6. Please forecast the growth anticipated for the Financial Management Service by the Department.

A graphical representation of the unduplicated number of persons utilizing fiscal intermediary services for the State Fiscal Years 2000-2004 is attached below as Figure 1.

Figure 1.



[Self-Administered Services Model](#). This count is taken from SYBASE payment files and is unduplicated by fiscal year (July 1 – June 30). This count includes individuals who utilized a fiscal agent (“Acumen Fiscal Agent, LLC” or “Tri-Connections Fiscal Agent”) to self-direct supports at some time during the fiscal year.

The Department is unable to make any forecasts of utilization trends in the future, since rates of utilization are determined by several factors, including legislative mandate, that are not within the control of the Department.

7. Please state the profit margin assumption that the Department utilized in establishing its rate for the Financial Management Service (FMS).

Although the Department did not utilize an assumption for “profit margin”, it did assume, based on experience with its current fiscal intermediary service, that FMS contractors would be able to maintain financial viability and profitability if they were reimbursed at a rate equal to the cost of issuing payroll and other expenses, plus a factor of eight percent (8.0%).

8. Please clarify the expectation that the Department maintains for the training obligations that Financial Management Service providers undertake in contracting to provide this service.

TRAINING REQUIRED UNDER THE FMS SOIQ

The training requirements, as required by the FMS Service Description and the SOIQ, are as follows:

1. Contractor shall offer training to persons, their families and legal representatives regarding methods of interviewing, selecting and hiring staff, legal requirements for retaining and discharging staff, methods of staff supervision, and such other topics as are required, in the opinion of the contractor to assist persons to effectively self-administer their services; and,
2. Any information given to Clients by the FMS provider to complete the paperwork for enrollment in FMS services would be considered training under this SOIQ.

Should the person, their family or legal representative require additional training beyond that which is routinely offered by the FMS provider, those services may be offered under a different service description and code, and would be offered by a provider other than the Financial Management Services provider.

***** **End of Addendum #1** *****

To acknowledge receipt of addendum, include a copy of this addendum with the proposal or give written acknowledgement with the proposal. It shall be the responsibility of the respondent to appropriately disseminate this information to all concerned prior to assigned due date and time.

Name

Company

Signature

Date